Date: 06/06 – 06/07/2002	Time: 2 – 4:00pm 10am – 12pm	Attendees: Cindy Battle Randy Bowman Ramon Corrada Paula Dyer Lee Everett La Teata Jackson Dave Loewenstein Monica Menard Allen Prodgers Heather Stevens Russell Trujillo	Team/Organization FSA FSA Accenture FSA FSA FSA Accenture FSA FSA Accenture FSA	Distribution: Attendees Project File
Project Name: SFA Modernization Partner -- Loan Servicing/Loan Consolidation Black Belt				
Facilitator: Heather M. Stevens				
Telephone: (703) 947-2792				

Meeting Objective:
- ➢ To review the Draft "As Is" process flows, distributed on 6/3, depicting the Core Loan Servicing functions.
- ➢ To begin brainstorming potential "To Be" process flows and improvements.

Topics Discussed:

- ➢ **Initiate Loan Servicing**

    - o AS IS:
        - ▪ Need to include XE process; Next Step after "Edit and Validate the Loan Data".
        - ▪ Update Decision to "Book Loan *to Servicing?".*
        - ▪ Discussion of rehab/recall process with DCS; whether to include in Terminate Loan Servicing or to classify as *Re-initiate* Loan Servicing. Will update Initiate Loan Servicing to include rehab/recall and review at next meeting.
        - ▪ Requested additional of Disability Discharge Loan Servicing Center (DDLSC) as a separate entity sending loans to LS.
        - ▪ Include MegaRecords/PPYCO process, specifically the handling of initial disbursements.
    - o TO BE:
        - ▪ Automation of the rehab process, including payments.
        - ▪ Improved servicing of Perkins Closed School loans (currently done by DCS).

- ➢ **Maintain Borrower/Loan Status**

- o <u>AS IS</u>:
  - ▪ Move "Process Loan Adjustments" (remove Cancellations) to the top of the flow. Sources of adjustments include LO, LC, COD, Schools, and Borrower.
  - ▪ Update Loan Status descriptions to remove mention of claims, reflect more of the current environment.
  - ▪ Clarify process of paying loan in full – borrower payments vs. discharge/default.
  - ▪ Include the Incentive Tracking evaluation process.
  - ▪ Include the Military Grace evaluation process.
  - ▪ Add NSLDS entity as creator of SSCRs.
- o <u>TO BE</u>:
  - ▪ No improvements discussed yet

➢ **Produce Borrower Bills**

- o <u>AS IS</u>:
  - ▪ Include fulfilment process for bills – Question arose as to how successful we are now at getting bills out to borrowers on time.
- o <u>TO BE</u>:
  - ▪ Discussion of Combined Bill Indicator – Why would we send out separate bills to one borrower? Preference appears to be always sending out a single bill; any other situations would be an exception to this rule.
  - ▪ Seamless correspondence…One face of Direct Loans.
  - ▪ Review education and training of CSRs, especially as it relates to timing of the generation and fulfilment of bills and other notices to borrowers (specific concern discussed)
  - ▪ Potentially look at employer payments of student loans (www.opm.gov).
  - ▪ Offer coupons as a payment option
  - ▪ Discussion of Check-box to not advance the next pay due date – This could be clarified and/or expanded. Should other boxes be added?

➢ **Process Borrower Remittance**

- o <u>AS IS</u>:
  - ▪ Include (exception) processing of billing coupons with boxes checked:
    - • Prepayment
    - • Address Change
  - ▪ Need to understand and document the lender cross-consolidation payment process (payments forwarded to the Lockbox by DLSC personnel).
  - ▪ Need to understand and document the receipt of payment from schools for cohort appeals documentation.
  - ▪ Include decision box for the identification and processing of Cash Cancellations. If the payment is a cash cancellation, link to Terminate Loan Servicing flow.
  - ▪ Include Child Care provided loan forgiveness program as a non-cash payment.
- o <u>TO BE</u>:
  - ▪ Review of Refund Process – potentially lower turnaround to 48 hours.
  - ▪ Bi-weekly payments or Due Dates on any date of the week (why limit to 4 cycles?).
  - ▪ Continue to allow due date changes; however add more controls to the process, similar to EDA today. Need to ensure borrowers do not skip or miss a month of being due.

➢ **Perform Collections and Skiptracing**

- o <u>AS IS</u>:
  - ▪ Differentiate between due diligence performed against borrowers 31-180 days delinquent and the Default Aversion tactics utilized on borrowers 181-360 days delinquent.
  - ▪ Include email skiptracing (EBPP/EC).

- Review current usage of eMPN site for contacting references.
- Question: Do we still receive/collect drivers licenses from LO (FAFSA)?
- Include the current late stage delinquent efforts with Schools (School Services, CAMs, Online Delinquency Report).
  - o TO BE:
    - Discussion of BILL sent out at 210 days delinquent, as well as lack of delinquency notes at 270 (since we just final demanded the borrower at 240).
    - Research shortening the amount of time in which returned mail and skiptraces are processed.

➤ **Perform Customer Service**

  - o AS IS:
    - Specify sources/vehicles of customer service – VRU/CSR, Web site, Mail.
    - Include process of receiving and responding to emails through eGain product.
    - Break-up "Resolve Questions and Complaints" into three distinct processes – Respond to Borrower Inquiries, Provide Counseling/Service Account, and Resolve Issues and Complaints. List specific examples of inquiries and counselling from the Inbound Call Business Processes, as spelled out for eCRM.
    - Include litigation support as a part of the resolution of issues and complaints (ex: false certifications, fraud).
    - Include Schools <u>and</u> Borrowers as entities from whom we receive issues and complaints.
    - Move "Index and Image Correspondence" above "Process Borrower Correspondence" in the process flow.
    - Clarify note on Direct Loan correspondence – There are 250 different bills, statements, and letters in DLSS, not 250 different types of…
    - Include the Cohort Appeal Process as a distinct process.
  - o TO BE:
    - Expect to send 1099s for the 2004 tax year.
    - Entrance Counseling may become a part of Perform Customer Service *(will have more information after meeting on 6/14).*
    - Online Chatting/Collaboration with borrowers; Distribute a survey to determine borrower interest in real-time, live "chats" with CSRs.
    - Seamless web site… One face of Direct Loans.
    - Train CSRs to focus on *repayment*. Only offer deferment/forbearance if all repayment options are exhausted.
    - Research bringing back Express Refinancing.

➤ **Maintain Data**

  - o AS IS:
    - Include High Security Transaction Processing because of its impact upon the data in the system, specifically the participant (borrower, endorser, etc.) data.
    - Specify "such as" when listing examples, not an all-encompassing list.
    - Include Co-Maker as a participant in DLSS.
    - Include Incentives as an example of a parameter in the Loan Servicing database.
    - Include MegaRecords/PPYCO process.
  - o TO BE:
    - Create an Archiving Strategy.
    - Create additional Incentives Programs…Examples include:
      - Web site usage
      - 48-month on-time
      - Increase EDA reduction after a certain period of time (further reward)
      - Bring back Consolidation incentive.

- ➢ **Terminate Loan Servicing**

    - o <u>AS IS</u>:
        - ▪ Change "Write-off Loans" to "Write-off or Cancel Loan Balances". This will better encompass small balance write-offs, interest write-offs, teacher loan forgiveness, etc.
        - ▪ Include notification of borrower (TRF2) as an output of the DCS Transfer process.
        - ▪ Replace TPD with Discharge Disability Loan Servicing Center (DDLSC).
        - ▪ Include DCS as entity receiving the transmission file and images from Loan Servicing. Include late adjustments (upward and downward) as another data interface between DCS and LS.
            - • Late disbursements will be booked to servicing as a new account, even if we do not have the loan anymore.
    - o <u>TO BE</u>:
        - ▪ Central/Enterprise Image Source

- ➢ **Generate Reports**

    - o <u>AS IS</u>:
        - ▪ Include NSLDS Data Conflict Resolution process.
        - ▪ Include Deliverable Reports for FSA.
        - ▪ Include System Balancing (Schedule A) and Reconciliation Reports.
        - ▪ Include Web Statistics Reports as another example of DLSS reports.
        - ▪ Credit Management Data Mart needs to be represented.
        - ▪ Specify Borrower History and Activity Report (BHAR) separately – Used for schools, litigation, and due diligence.
        - ▪ Include DL School Audit Files (Deliverable 191) as an example of an Ad Hoc report.
    - o <u>TO BE</u>:
        - ▪ Consolidation of Reports (reduce the total number drastically).

- ➢ **Other**

    - o Include Table of Contents (list slide number for each function on overall Core Function slide).
    - o Include additional slide listing the contractual functions support Loan Servicing. Ex: Configuration management, Maintain Compliance, Training, Development, Disaster Recovery, etc.
    - o Discussion of CSR Training. Need to ensure CSRs are focused on encouraging repayment, less deferments and forbearances.
    - o Discussed potential that 120-day payments may be reported as Excess Cash in the future. Not including this in the process flows at this point.

Outstanding Items for Investigation:

#	Item	Owner	Estimated Completion Date
1	Provide LC volume/cost information to Paula.	D. Loewenstein	Completed
2	Provide volumes and deliverable costs to Heather, including what function they map to, if appropriate.	P. Dyer	6/13/2002
3	Continue to develop To-Be changes for discussion between both LC and LS on 6/13/2002.	Group	6/13/2002
4	Provide draft To-Be process flows to group.	H. Stevens	6/17/2002
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